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FISCAL IMPACT STATEMENT

LS 7201

BILL NUMBER: SB 220

NOTE PREPARED: Mar 27, 2003

BILL AMENDED:

SUBJECT: Implementation of Program of All-Inclusive Care for the Elderly (PACE).

FIRST AUTHOR: Sen. Gard

FIRST SPONSOR: Rep. C. Brown

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill authorizes the Office of Medicaid Policy and Planning to implement the federal Program of All-Inclusive Care for the Elderly (PACE) program.

Effective Date: July 1, 2003.

Explanation of State Expenditures: This bill would allow the Office of Medicaid Policy and Planning (OMPP) to amend the State Medicaid Plan to add the PACE program as an optional service. The amendment could be accomplished with existing resources available to OMPP. The cost of implementing the program will ultimately depend upon administrative actions of OMPP and the Centers for Medicare and Medicaid Services (CMS) and the number of providers that are certified to participate in the program. Any potential savings or funding shifts, that may be realized or caused by the PACE program would be dependent upon the capitated funding levels established by OMPP and CMS.

Background: The Program of All-Inclusive Care for the Elderly (PACE) is a new capitated benefit that features a comprehensive service delivery system and integrated Medicare and Medicaid funding. PACE providers receive capitated funding to deliver all services that recipients need rather than only those that might otherwise be reimbursed. For most recipients this program allows them to remain at home rather than be institutionalized.

The PACE model is required to be included as a state optional benefit before the state and the Secretary of the Department of Health and Human Services can enter into agreements with PACE providers. The federal statute limits the number of PACE providers that may be enrolled in the country to increments of 20 additional providers each year. Further, the requirements that must be met by the providers are broad: they

must cover all Medicare and Medicaid covered services plus any other services a multidisciplinary team determines to be necessary. Further, the providers must assume full financial risk for the participant's care without limits on the amount, duration, or scope of services.

The PACE program by its definition is geographically limited to the provider's service area. Participants must be at least 55 years old, live in the PACE service area, and be eligible for nursing home care as certified by the appropriate state agency. OMPP estimates that an initial PACE program in the Indianapolis area might serve up to 500 individuals.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: The Family and Social Services Administration, Office of Medicaid Policy and Planning.

Local Agencies Affected:

Information Sources: Amy Kruzan, Legislative Liaison for the Family and Social Services Agency, (317)-232-1149; and Evelyn Murphy, Director, Long Term Care, OMPP; and "PACE General Information" at <http://cms.hhs.gov/pace/pacegen.asp>

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